

TRANSPORTATION PERFORMANCE AUDIT BOARD

Friday, January 21, 2005
1:30 p.m. - 3:30 p.m.
Puget Sound Regional Council
Conference Room
1011 Western Avenue, Suite 510
Seattle, WA

- Minutes -

The meeting was called to order by Chair Doug Hurley at approximately 1:35 p.m. Members present were: Hurley, Noguchi, Ostrowski, Perteet, Pyles, Swecker, Woods and Yates. Members absent were: Haugen.

1. Report of the Chair

- a. Minutes - The minutes of the January 7, 2005 TPAB meeting were approved.

Committee members and staff introduced themselves to TPAB's two new members, Senator Dan Swecker and Representative Beverly Woods. They replace Senator Jim Horn and Representative Doug Ericksen as the new Ranking Minority Members of their respective Senate and House Transportation Committees.

2. Update on Final Reports on JLARC Managed Audits

Keenan Konopaski, JLARC, presented the second proposed final draft of the Overview of Washington State Department of Transportation (WSDOT) Capital Project Management report. He briefly discussed the revisions that had been made as the result of members' suggestions.

Steve Lerch, JLARC, presented the second proposed final draft of the Overview of Environmental Permitting for Transportation Projects report. He briefly discussed the revisions that had been made as the result of members' suggestions.

3. Transmittal Letters on DOL Review and JLARC Managed Audits

Keenan Konopaski, JLARC, presented the Draft Transmittal Letter that will be sent to the Legislature regarding the final report on the Overview of WSDOT Capital Project Management. The letter summarizes the board's recommendations, and incorporates members' comments and suggestions from the January 7, 2005 meeting.

Member comments:

- Rich Perteet suggested that a subject line be added to the letter.
- Senator Swecker stated that the transmittal letters are very explanatory, easy to understand, and very useful to him as a legislator.

Rich Perteet moved, and John Ostrowski seconded, that the letter be adopted and transmitted to the Legislature. Motion carried.

Steve Lerch, JLARC, presented the Draft Transmittal Letter that will be sent to the Legislature regarding the final report on the Overview of Environmental Permitting for Transportation Projects. This letter summarizes the board's recommendations, and incorporates members' comments and suggestions from the January 7, 2005 meeting.

Member comments:

- Tom Noguchi shared a concern that, in Recommendation No. 1, it is not clear what type of project delivery designs are being implemented in Florida and Minnesota. He feels that a sentence or two should be added to clarify what those are. Chair Hurley agreed that a clarifying sentence be added.
- Troy Pyles suggested that there is confusion in Recommendation No. 1 because it refers to Project Delivery "Designs". After discussion by board members, Chair Hurley directed staff to amend the recommendation to read Project Delivery "Process".

Tom Noguchi moved, and Troy Pyles seconded, that this letter, along with its accompanying document be approved as amended and transmitted to the Legislature. Motion carried.

Nate Naismith, LTC, presented the Draft Transmittal Letter that will be sent to the Legislature on the Department of Licensing Performance Measure Review. This letter summarizes the board's recommendations, and incorporates members' comments and suggestions from the January 7, 2005 meeting.

Tom Noguchi moved, and Troy Pyles seconded, that this letter be approved and transmitted to the Legislature. Motion carried.

4. Long Range Work Plan

Chair Hurley reminded members that at TPAB's last meeting, everyone agreed to two subject areas that will be part of the work plan -- environmental permitting and a business process evaluation of accountability oversight processes. At that meeting, JLARC staff agreed to take the lead in preparing scopes and objectives for both.

Steve Lerch, JLARC, presented members with a proposed scope and objectives for the "Business Process Review of Environmental Permitting for Transportation Projects." He provided a brief background, and discussed the study scope and study objectives.

Member comments:

- Chair Hurley noted that Study Objective No. 3 was specifically to address two issues identified in the consultant reports and/or identified in the Gray Notebook, 1) the "Talent Ruling" about the regulation of roadside ditches, and 2) the gradual evolution of stormwater standards toward the pre-European settlement standard.
- John Ostrowski asked where salmon enhancement would fit into this study.
- Senator Swecker suggested that the strategy used in Oregon's bridge program, where they created mitigation banks and did environmental assessments by region, may be an option. He indicated that he would like this analyzed as part of the study, to see if it would be an effective strategy.
- Senator Swecker stated that archeological issues should be included in the objectives, and briefly discussed the Hood Canal Bridge graving dock issue.
- Troy Pyles indicated that he would like to have a presentation on the Hood Canal Bridge issue in order to try and understand what happened. Chair Hurley indicated that he had spoken with John Conrad of WSDOT, and WSDOT will be at the March TPAB meeting to give presentations on several construction issues, one of which will be the Hood Canal Bridge graving dock.
- Representative Beverly Woods indicated that she is in the process of preparing a letter to TPAB, in which she asks several questions regarding the entire process of the graving dock. Chair Hurley indicated that he would welcome her letter and

see that as many of her questions as possible are addressed in John Conrad's presentation in March.

- John Ostrowski suggested that TPAB look at the issue from a perspective of management structures in place, how successful they are, and how they can be evaluated for performance, as opposed to second-guessing decisions made. Senator Swecker suggested that the process be examined to find good guidance for future projects.
- Troy Pyles stated that in Objective No. 1, the projects that have not experienced delays should be looked at as well. Chair Hurley concurred.
- Cindi Yates indicated that, because of the short timeframe, the scope may be somewhat narrowed. However, she did assure that JLARC will be able to bring back a report with enough depth to be worthwhile and useful.

John Ostrowski moved, and Rich Perteet seconded, that TPAB move forward with this scope and objectives. Motion carried.

Keenan Konopaski, JLARC, presented the proposed scope and objectives for the "Assessment of Performance Oversight Initiatives for WSDOT." He gave a brief background, and discussed the study scope and study objectives.

Member comments:

- In response to Objective No. 7, Chair Hurley suggested replacing the word "scoring" and suggested a "performance assessment" approach.
- Troy Pyles stated that he does not feel Objective No. 7 fits within this study and that it goes a step past an audit. Chair Hurley pointed out that this is a mini piece of work that will be used as a lead-in for work in July.
- Cindi Yates indicated that this is a follow-up to Mr. Pyles' concern at the last meeting, of how JLARC is measuring whether a project is successful. This approach will define up front what those measures are.
- Troy Pyles stated that Objective No. 7 lends itself to using an outside consultant that specializes in analysis of projects, and suggested adding an amendment to an existing contract, rather than going through the entire solicitation process.

Tom Noguchi moved, and Senator Swecker seconded, that TPAB move forward with this scope and objectives. Motion carried.

Keenan Konopaski, JLARC, then presented a draft 6-year TPAB work plan based on discussions at TPAB's last meeting. He explained that this work plan reflects a \$1.6 million budget per biennium.

Chair Hurley indicated that this is not an action item for today, but rather a draft for purposes of discussion. The final work plan will be acted on at the February meeting.

Member comments:

- John Ostrowski shared his concern with the safety reviews being pushed so far out on the draft work plan. He then discussed planning, and indicated that he and Tom Noguchi had identified some areas of concern and briefly explained each. These include:
 - Who should be doing transportation planning?
 - Need consensus on performance measures of transportation problems across the state.
 - Need for policy oriented programming process for capital projects and financially constrained TIPs.

- Who performs the management function of reviewing the past performance of planning and the projects that come from planning and is it effective?
 - Does anyone evaluate the effectiveness of the state transportation planning process?
 - Is the planning process leading to consensus on the real needs of the citizens of Washington so that it can be evaluated against that goal statement?
- John Ostrowski suggested that it would be helpful to have a presentation from WSDOT explaining what the department is currently doing to address these issues.
 - Rich Perteet suggested that the issue of planning could fall within the "DOT All Highway Construction" review.
 - Tom Noguchi stated that because planning is so large, the issues need to be defined more clearly, before making a decision on what TPAB should do.
 - Chair Hurley expressed concern with the number of projects that are currently in the planning process, with no means for funding.
 - Chair Hurley gave a brief overview of TPAB's upcoming agendas for the next three months. February - presentations regarding the permitting and accountability issues and further discussions of the work plan, March - a major set of construction presentations, and April - a presentation on the planning subject, scoped by the bulleted items listed above.
 - Troy Pyles expressed concerns regarding the items listed below and would like the board to look at them in more depth.
 - The issue of driver's driving without insurance.
 - Tracking of WSDOT's overhead rate.
 - WSDOT renting out their employees to other entities to perform highway projects that are not state projects.
 - WSDOT personnel management.
 - Hiring and promotion practices.
 - Washington State Hire/Retire Program
 - Use of outsourcing - CM consultants and design consultants vs. in-house.
 - Chair Hurley suggested that Mr. Pyles look at WSDOT's Gray Notebook, as it might answer his concern regarding WSDOT's overhead rate. He then pointed out that, at the request of WSDOT, the Legislature passed legislation relating to outsourcing.
 - John Ostrowski discussed the issue of cost comparison, and indicated that it isn't really a question of how costs are compared, but how project management is done in a cost efficient way.
 - Chair Hurley indicated that under "DOT Capital Project Management and Environmental" and "Recurring DOT Capital Results Scoring" he plans to spend less time on scoring, and more time on issues, such as those raised today.
 - Chair Hurley stated that he and staff will take the ideas from today's meeting and see where they fit in the work plan, if they do. He then stated that he will work with staff to create a motion that outlines a 6-year work program that includes a budget. He encouraged that any amendments to the work plan and/or budget, be provided in advance of the meeting.
 - Troy Pyles asked about the budget and suggested that the budget be driven by TPAB's work plan, rather than the work plan being driven by the budget. Chair Hurley stated that the advice he received, was to assume \$1.6 million per biennium, as allocated in the current biennium. Mr. Pyles suggested that two

different work plans be provided to address this issue. Chair Hurley suggested that Mr. Pyles provide this as an amendment.

5. Summarization of Decisions/Next Actions

All the transmittal letters that were approved today will be forwarded to the Legislature.

The next meeting will be held on February 11, 2005 in Senate Hearing Room 3 of the John A. Cherberg Building in Olympia.

The meeting was adjourned at 3:25 p.m.